

AMENDED IN SENATE SEPTEMBER 3, 2015

AMENDED IN SENATE AUGUST 26, 2015

CALIFORNIA LEGISLATURE—2015–16 SECOND EXTRAORDINARY SESSION

SENATE BILL

No. 1

Introduced by Senator Beall

(Principal coauthors: Senators Monning and Pavley)

(Coauthors: Senators Block, Hertzberg, Hueso, and Mendoza)

July 2, 2015

An act to amend Sections 4648.4, 4652.5, 4681.3, 4681.6, 4688.21, 4689.8, 4691.9, and 4860, and to add Sections 4681.2, 4690.7, 4795, and 4796 to, the Welfare and Institutions Code, relating to developmental services.

LEGISLATIVE COUNSEL’S DIGEST

SB 1, as amended, Beall. Developmental services: funding.

(1) The Lanterman Developmental Disabilities Services Act requires the State Department of Developmental Services to contract with regional centers to provide services and supports to individuals with developmental disabilities. Under existing law, the regional centers purchase needed services for individuals with developmental disabilities through approved service providers or arrange for those services through other publicly funded agencies. The annual Budget Act also appropriates funds to the department to fund regional center operations.

This bill would require the department, subject to an appropriation by the Legislature for these purposes, to increase the funding paid to a regional center for the regional center’s operating budget by 10%, and to increase funding to enable the regional center and the regional center’s purchase-of-service vendors to fund certain costs related to minimum

wage requirements. The bill would also require the department to develop a 10-year financial sustainability plan to ensure that the state's community-based developmental services system effectively serves all individuals with developmental disabilities.

(2) Existing law establishes specified rates to be paid to certain service providers and the rates to be paid for certain developmental services. Existing law requires that rates to be paid to other developmental service providers either be set by the department or negotiated between the regional center and the service provider.

This bill would increase the rates established by existing law by 10%, as specified, and would require a 10% increase to the rates set by the department and the rates negotiated between regional centers and service providers, as specified.

(3) *Existing law requires an entity that receives payments between \$250,000 and \$500,000 per year from one or more regional centers to obtain either an independent audit or independent review report of its financial statements and requires an entity that receives payments that are equal to or more than \$500,000 per year to obtain an independent audit. Existing law exempts payments made using usual and customary rates for services provided by regional centers from these requirements.*

This bill would instead require an entity to obtain only an independent review report of its financial statements relating to payments made by regional centers if it receives payments between \$250,000 and \$2,000,000 from one or more regional centers and would authorize these entities to apply for, and require the regional center to grant, a 2-year exemption from this requirement if the regional center does not find issues in the prior year's independent review report that have an impact on regional center services. The bill would also require an entity to obtain an independent audit of its financial statements relating to payments made by regional centers if it receives payments that are equal to or more than \$2,000,000 and would authorize these entities to apply for, and require the regional center to grant, a 2-year exemption from the audit requirement if the prior year's audit resulted in an unmodified opinion, an unmodified opinion with additional communication, or a qualified opinion with issues that are not material and pervasive. The bill would require a regional center to notify the department of any exemption it grants to an entity that receives a qualified opinion report. The bill would also exempt social security benefit payments from these requirements.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 4648.4 of the Welfare and Institutions Code is amended to read:

4648.4. (a) Notwithstanding any other law, commencing July 1, 2006, rates for services listed in paragraphs (1), (2), with the exception of travel reimbursement, (3) to (8), inclusive, (10), and (11) of subdivision (b), shall be increased by 3 percent, subject to funds specifically appropriated for this increase in the Budget Act of 2006. The increase shall be applied as a percentage, and the percentage shall be the same for all providers. Any subsequent change shall be governed by subdivision (b).

(b) Notwithstanding any other law, except for subdivision (a), no regional center may pay any provider of the following services or supports a rate that is greater than the rate that is in effect on or after June 30, 2008, unless the increase is required by a contract between the regional center and the vendor that is in effect on June 30, 2008, or the regional center demonstrates that the approval is necessary to protect the consumer's health or safety and the department has granted prior written authorization:

- (1) Supported living services.
- (2) Transportation, including travel reimbursement.
- (3) Socialization training programs.
- (4) Behavior intervention training.
- (5) Community integration training programs.
- (6) Community activities support services.
- (7) Mobile day programs.
- (8) Creative art programs.
- (9) Supplemental day services program supports.
- (10) Adaptive skills trainers.
- (11) Independent living specialists.

(c) Notwithstanding subdivisions (a) and (b), and subject to an appropriation of funds by the Legislature for these purposes, a regional center shall increase rates for services listed in paragraphs (1), (2), with the exception of travel reimbursement, and (3) to (11), inclusive, of subdivision (b), if the rates are determined through a negotiation between the regional center and the provider,

1 by 10 percent above the levels that otherwise would have been in
2 effect on the effective date of the act that added this subdivision,
3 unless the rate for a service was increased pursuant to another
4 provision of the act that added this subdivision.

5 *SEC. 2. Section 4652.5 of the Welfare and Institutions Code*
6 *is amended to read:*

7 4652.5. (a) (1) An entity ~~receiving that receives~~ payments
8 from one or more regional centers shall contract with an
9 independent accounting firm ~~for to obtain an independent audit or~~
10 review of its financial statements *relating to payments made by*
11 *regional centers*, subject to ~~all~~ both of the following:

12 (A) ~~When~~ *If* the amount received from the regional center or
13 regional centers during the entity's fiscal year is more than or equal
14 to two hundred fifty thousand dollars (\$250,000) ~~but less than five~~
15 ~~hundred thousand dollars (\$500,000), but less than two million~~
16 *dollars (\$2,000,000)*, the entity shall obtain an ~~independent audit~~
17 ~~or independent review report of its financial statements for the~~
18 period. Consistent with Subchapter 21 (commencing with Section
19 58800) of Chapter 3 of Division 2 of Title 17 of the California
20 Code of Regulations, this subdivision shall also apply to work
21 activity program providers receiving less than two hundred fifty
22 thousand dollars (\$250,000).

23 (B) ~~When~~ *If* the amount received from the regional center or
24 regional centers during the entity's fiscal year is equal to or more
25 ~~than five hundred thousand dollars (\$500,000), two million dollars~~
26 *(\$2,000,000)*, the entity shall obtain an independent audit of its
27 financial statements for the period.

28 (2) This requirement does not apply to payments made using
29 usual and customary rates, as defined by Title 17 of the California
30 Code of Regulations, for services provided by regional ~~centers.~~
31 *centers or social security benefit payments.*

32 (3) This requirement does not apply to state and local
33 governmental agencies, the University of California, or the
34 California State University.

35 (b) An entity subject to subdivision (a) shall provide copies of
36 the independent audit or independent review report required by
37 subdivision (a), and accompanying management letters, to the
38 vendoring regional center ~~within 30 days after completion of the~~
39 ~~audit or review.~~ *nine months of the end of the fiscal year for the*
40 *entity.*

1 (c) Regional centers ~~receiving~~ *that receive* the audit or review
2 reports required by subdivision (b) shall review and require
3 resolution by the entity for issues identified in the report that have
4 an impact on regional center services. Regional centers shall take
5 appropriate action, up to termination of vendorization, for lack of
6 adequate resolution of issues.

7 (d) Regional centers shall notify the department of all qualified
8 opinion reports or reports noting significant issues that directly or
9 indirectly impact regional center services within 30 days after
10 receipt. Notification shall include a plan for resolution of issues.

11 (e) For purposes of this section, an independent review of
12 financial statements ~~must~~ *shall* be performed by an independent
13 accounting firm and shall cover, at a minimum, all of the following:

14 (1) An inquiry as to the entity's accounting principles and
15 practices and methods used in applying them.

16 (2) An inquiry as to the entity's procedures for recording,
17 classifying, and summarizing transactions and accumulating
18 information.

19 (3) Analytical procedures designed to identify relationships or
20 items that appear to be unusual.

21 (4) An inquiry about budgetary actions taken at meetings of the
22 board of directors or other comparable meetings.

23 (5) An inquiry about whether the financial statements have been
24 properly prepared in conformity with generally accepted accounting
25 principles and whether any events subsequent to the date of the
26 financial statements would have a material effect on the statements
27 under review.

28 (6) Working papers prepared in connection with a review of
29 financial statements describing the items covered as well as any
30 unusual items, including their disposition.

31 (f) For purposes of this section, an independent review report
32 shall cover, at a minimum, all of the following:

33 (1) Certification that the review was performed in accordance
34 with standards established by the American Institute of Certified
35 Public Accountants.

36 (2) Certification that the statements are the representations of
37 management.

38 (3) Certification that the review consisted of inquiries and
39 analytical procedures that are lesser in scope than those of an audit.

(4) Certification that the accountant is not aware of any material modifications that need to be made to the statements for them to be in conformity with generally accepted accounting principles.

(g) The department shall not consider a request for adjustments to rates submitted in accordance with Title 17 of the California Code of Regulations by an entity receiving payments from one or more regional centers solely to fund either anticipated or unanticipated changes required to comply with this section.

(h) (1) *An entity required to obtain an independent review report of its financial statement pursuant to subparagraph (A) of paragraph (1) of subdivision (a) may apply to the regional center for, and the regional center shall grant, a two-year exemption from the independent review report requirement if the regional center does not find issues in the prior year's independent review report that have an impact on regional center services.*

(2) *An entity required to obtain an independent audit of its financial statements pursuant to subparagraph (B) of paragraph (1) of subdivision (a) may apply to the regional center for an exemption from the independent audit requirement, subject to both of the following conditions:*

(A) *If the independent audit for the prior year resulted in an unmodified opinion or an unmodified opinion with additional communication, the regional center shall grant the entity a two-year exemption.*

(B) *If the independent audit for the prior year resulted in a qualified opinion and the issues are not material and pervasive, the regional center shall grant the entity a two-year exemption. However, the entity and the regional center shall continue to address issues raised in this independent audit, regardless of whether the exemption is granted.*

(3) *A regional center shall notify the department of any exemption it grants to an entity that receives a qualified opinion report.*

SEC. 3. *Section 4681.2 is added to the Welfare and Institutions Code, to read:*

4681.2. *Notwithstanding any other law, and subject to an appropriation of funds by the Legislature for these purposes, the department shall increase the rates set for community care facilities serving persons with developmental disabilities by 10 percent*

1 *above the levels that otherwise would have been in effect on the*
2 *effective date of the act that added this section.*

3 ~~SEC. 2.~~

4 *SEC. 4.* Section 4681.3 of the Welfare and Institutions Code
5 is amended to read:

6 4681.3. (a) Notwithstanding any other provision of this article,
7 for the 1996–97 fiscal year, the rate schedule authorized by the
8 department in operation *on* June 30, 1996, shall be increased based
9 upon the amount appropriated in the Budget Act of 1996 for that
10 purpose. The increase shall be applied as a percentage, and the
11 percentage shall be the same for all providers.

12 (b) Notwithstanding any other provision of this article, for the
13 1997–98 fiscal year, the rate schedule authorized by the department
14 in operation on June 30, 1997, shall be increased based upon the
15 amount appropriated in the Budget Act of 1997 for that purpose.
16 The increase shall be applied as a percentage, and the percentage
17 shall be the same for all providers.

18 (c) Notwithstanding any other provision of this article, for the
19 1998–99 fiscal year, the rate schedule authorized by the department
20 in operation on June 30, 1998, shall be increased commencing July
21 1, 1998, based upon the amount appropriated in the Budget Act
22 of 1998 for that purpose. The increase shall be applied as a
23 percentage, and the percentage shall be the same for all providers.

24 (d) Notwithstanding any other provision of this article, for the
25 1998–99 fiscal year, the rate schedule authorized by the department
26 in operation on December 31, 1998, shall be increased January 1,
27 1999, based upon the cost-of-living adjustments in the
28 Supplemental Security Income/State Supplementary Program for
29 the Aged, Blind, and Disabled appropriated in the Budget Act of
30 1998 for that purpose. The increase shall be applied as a percentage
31 and the percentage shall be the same for all providers.

32 (e) Notwithstanding any other provision of this article, for the
33 1999–2000 fiscal year, the rate schedule authorized by the
34 department in operation on June 30, 1999, shall be increased July
35 1, 1999, based upon the amount appropriated in the Budget Act
36 of 1999 for that purpose. The increase shall be applied as a
37 percentage and the percentage shall be the same for all providers.

38 (f) In addition, commencing January 1, 2000, any funds available
39 from cost-of-living adjustments in the Supplemental Security
40 Income/State Supplementary Payment (SSI/SSP) for the 1999–2000

1 fiscal year shall be used to further increase the community care
2 facility rate. The increase shall be applied as a percentage, and the
3 percentage shall be the same for all providers.

4 (g) Notwithstanding any other law, for the 2006–07 fiscal year,
5 the rate schedule in effect on June 30, 2006, shall be increased on
6 July 1, 2006, by 3 percent, subject to funds specifically
7 appropriated for this increase in the Budget Act of 2006. The
8 increase shall be applied as a percentage and the percentage shall
9 be the same for all providers. Any subsequent increase shall be
10 governed by Sections 4681.5 and 4681.6.

11 (h) Notwithstanding any other law, for the 2015–16 fiscal year,
12 the rate schedule and rates set by the department that are in effect
13 on June 30, 2015, shall be increased by 10 percent, subject to funds
14 specifically appropriated for this purpose. The increase shall be
15 applied as a percentage and the percentage shall be the same for
16 all providers. The increase required by this subdivision shall be in
17 addition to the rate changes required by Chapter 23 of the Statutes
18 of 2015.

19 ~~SEC. 3. Section 4681.2 is added to the Welfare and Institutions~~
20 ~~Code, to read:~~

21 ~~4681.2. Notwithstanding any other law, and subject to an~~
22 ~~appropriation of funds by the Legislature for these purposes, the~~
23 ~~department shall increase the rates set for community care facilities~~
24 ~~serving persons with developmental disabilities by 10 percent~~
25 ~~above the levels that otherwise would have been in effect on the~~
26 ~~effective date of the act that added this section.~~

27 ~~SEC. 4.~~

28 *SEC. 5.* Section 4681.6 of the Welfare and Institutions Code
29 is amended to read:

30 4681.6. (a) Notwithstanding any other law, commencing July
31 1, 2008:

32 (1) A regional center shall not pay an existing residential service
33 provider, for services for which rates are determined through a
34 negotiation between the regional center and the provider, a rate
35 higher than the rate in effect on June 30, 2008, unless the increase
36 is required by a contract between the regional center and the vendor
37 that is in effect on June 30, 2008, or the regional center
38 demonstrates that the approval is necessary to protect the
39 consumer's health or safety and the department has granted prior
40 written authorization.

1 (2) A regional center shall not negotiate a rate with a new
2 residential service provider, for services for which rates are
3 determined through a negotiation between the regional center and
4 the provider, that is higher than the regional center's median rate
5 for the same service code and unit of service, or the statewide
6 median rate for the same service code and unit of service,
7 whichever is lower. The unit of service designation shall conform
8 with an existing regional center designation or, if none exists, a
9 designation used to calculate the statewide median rate for the
10 same service. The regional center shall annually certify to the
11 department its median rate for each negotiated rate service code,
12 by designated unit of service. This certification shall be subject to
13 verification through the department's biennial fiscal audit of the
14 regional center.

15 (b) Notwithstanding subdivision (a), commencing July 1, 2014,
16 regional centers may negotiate a rate adjustment with residential
17 service providers regarding rates that are otherwise restricted
18 pursuant to subdivision (a), if the adjustment is necessary in order
19 to pay employees no less than the minimum wage as established
20 by Section 1182.12 of the Labor Code, as amended by Chapter
21 351 of the Statutes of 2013, and only for the purpose of adjusting
22 payroll costs associated with the minimum wage increase. The
23 rate adjustment shall be specific to the unit of service designation
24 that is affected by the increased minimum wage, shall be specific
25 to payroll costs associated with any increase necessary to adjust
26 employee pay only to the extent necessary to bring pay into
27 compliance with the increased state minimum wage, and shall not
28 be used as a general wage enhancement for employees paid above
29 the minimum wage. Regional centers shall maintain documentation
30 on the process to determine, and the rationale for granting, any
31 rate adjustment associated with the minimum wage increase.

32 (c) Notwithstanding subdivision (a), commencing July 1, 2015,
33 regional centers may negotiate a rate adjustment with residential
34 service providers regarding rates that are otherwise restricted
35 pursuant to subdivision (a), if the adjustment is necessary to
36 implement Article 1.5 (commencing with Section 245) of Chapter
37 1 of Part 1 of Division 2 of the Labor Code, as added by Chapter
38 317 of the Statutes of 2014. The rate adjustment may be applied
39 only if a minimum of 24 hours or three days of paid sick leave per
40 year was not a benefit provided to employees as of June 30, 2015,

1 and shall be specific to payroll costs associated with any increase
2 necessary to compensate an employee up to a maximum of 24
3 hours or three days of paid sick leave in each year of employment.

4 (d) Notwithstanding subdivision (a), and subject to an
5 appropriation of funds by the Legislature for these purposes,
6 regional centers shall increase the rates paid to residential service
7 providers, for services for which rates are determined through a
8 negotiation between the regional center and the provider, by 10
9 percent above the levels that otherwise would have been in effect
10 on the effective date of the act that added this subdivision.

11 (e) For purposes of this section, “residential service provider”
12 includes Adult Residential Facilities for Persons with Special
13 Health Care Needs, as described in Section 4684.50.

14 (f) This section shall not apply to those services for which rates
15 are determined by the State Department of Health Care Services,
16 or the State Department of Developmental Services, or are usual
17 and customary.

18 ~~SEC. 5.~~

19 *SEC. 6.* Section 4688.21 of the Welfare and Institutions Code
20 is amended to read:

21 4688.21. (a) The Legislature places a high priority on
22 opportunities for adults with developmental disabilities to choose
23 and customize day services to meet their individualized needs;
24 have opportunities to further the development or maintenance of
25 employment and volunteer activities; direct their services; pursue
26 postsecondary education; and increase their ability to lead
27 integrated and inclusive lives. To further these goals, a consumer
28 may choose a tailored day service or vouchered community-based
29 training service, in lieu of any other regional center vendored day
30 program, look-alike day program, supported employment program,
31 or work activity program.

32 (b) (1) A tailored day service shall do both of the following:

33 (A) Include an individualized service design, as determined
34 through the individual program plan (IPP) and approved by the
35 regional center, that maximizes the consumer’s individualized
36 choices and needs. This service design may include, but may not
37 be limited to, the following:

38 (i) Fewer days or hours than in the program’s approved day
39 program, look-alike day program, supported employment program,
40 or work activity program design.

1 (ii) Flexibility in the duration and intensity of services to meet
2 the consumer's individualized needs.

3 (B) Encourage opportunities to further the development or
4 maintenance of employment, volunteer activities, or pursuit of
5 postsecondary education; maximize consumer direction of the
6 service; and increase the consumer's ability to lead an integrated
7 and inclusive life.

8 (2) The type and amount of tailored day service shall be
9 determined through the IPP process, pursuant to Section 4646.
10 The IPP shall contain, but not be limited to, the following:

11 (A) A detailed description of the consumer's individualized
12 choices and needs and how these choices and needs will be met.

13 (B) The type and amount of services and staffing needed to
14 meet the consumer's individualized choices and needs, and unique
15 health and safety and other needs.

16 (3) The staffing requirements set forth in Section 55756 of Title
17 17 of the California Code of Regulations and subdivision (r) of
18 Section 4851 of this code shall not apply to a tailored day service.

19 (4) For currently vendored programs wishing to offer a tailored
20 day service option, the regional center shall vendor a tailored day
21 service option upon negotiating a rate and maximum units of
22 service design that includes, but is not limited to, the following:

23 (A) A daily or hourly rate and maximum units of service design
24 that does not exceed the equivalent cost of four days per week of
25 the vendor's current rate, if the vendor has a daily day program
26 rate.

27 (B) A rate and maximum units of service design that does not
28 exceed the equivalent cost of four-fifths of the hours of the vendor's
29 current rate, if the vendor has an hourly rate.

30 (5) The regional center shall ensure that the vendor is capable
31 of complying with, and will comply with, the consumer's IPP,
32 individual choice, and health and safety needs.

33 (6) For new programs wishing to offer a tailored day service
34 option, the regional center shall vendor a tailored day service option
35 upon negotiating a rate and maximum units of service design. The
36 rate paid to the new vendor shall not exceed four-fifths of the
37 temporary payment rate or the median rate, whichever is applicable.

38 (7) Notwithstanding any other law, and subject to an
39 appropriation of funds by the Legislature for these purposes, the
40 rates paid to tailored day service providers shall be increased by

1 10 percent above the levels that otherwise would have been in
2 effect on the effective date of the act that added this paragraph.

3 (8) Effective July 1, 2011, and prior to the time of development,
4 review, or modification of a consumer's IPP, regional centers shall
5 provide information about tailored day service to eligible adult
6 consumers. A consumer may request information about tailored
7 day services from the regional center at any time and may request
8 an IPP meeting to secure those services.

9 (c) (1) A vouchered community-based training service is
10 defined as a consumer-directed service that assists the consumer
11 in the development of skills required for community integrated
12 employment or participation in volunteer activities, or both, and
13 the assistance necessary for the consumer to secure employment
14 or volunteer positions or pursue secondary education.

15 (2) Implementation of vouchered community-based training
16 service is contingent upon the approval of the federal Centers for
17 Medicare and Medicaid Services.

18 (3) Vouchered community-based training service shall be
19 provided in natural environments in the community, separate from
20 the consumer's residence.

21 (4) A consumer, parent, or conservator vendored as a vouchered
22 community-based training service shall utilize the services of a
23 financial management services (FMS) entity. The regional center
24 shall provide information about available financial management
25 services and shall assist the consumer in selecting a FMS vendor
26 to act as coemployer.

27 (5) A parent or conservator shall not be the direct support worker
28 employed by the vouchered community-based training service
29 vendor.

30 (6) If the direct support worker is required to transport the
31 consumer, the vouchered community-based training service vendor
32 shall verify that the direct support worker can transport the
33 consumer safely and has a valid California driver's license and
34 proof of insurance.

35 (7) (A) The rate for vouchered community-based training
36 service shall not exceed thirteen dollars and forty-seven cents
37 (\$13.47) per hour. The rate includes employer-related taxes and
38 all transportation needed to implement the service, except as
39 described in paragraph (8). The rate does not include the cost of
40 the FMS.

1 (B) Notwithstanding subparagraph (A), and subject to an
2 appropriation of funds by the Legislature for these purposes, the
3 rate described in subparagraph (A) shall be fourteen dollars and
4 eighty-two cents (\$14.82) per hour.

5 (8) A consumer vendored as a vouchered community-based
6 training service shall also be eligible for a regional center-funded
7 bus pass, if appropriate and needed.

8 (9) Vouchered community-based training service shall be limited
9 to a maximum of 150 hours per quarter. The services to be provided
10 and the service hours shall be documented in the consumer's IPP.

11 (10) A direct support worker of vouchered community-based
12 training service shall be an adult who possesses the skill, training,
13 and experience necessary to provide services in accordance with
14 the IPP.

15 (11) Effective July 1, 2011, and prior to the time of development,
16 review, or modification of a consumer's IPP, regional centers shall
17 provide information about vouchered community-based training
18 service to eligible adult consumers. A consumer may request
19 information about vouchered community-based training service
20 from the regional center at any time and may request an IPP
21 meeting to secure those services.

22 (12) The type and amount of vouchered community-based
23 training service shall be determined through the IPP process
24 pursuant to Section 4646. The IPP shall contain, but not be limited
25 to, the following:

26 (A) A detailed description of the consumer's individualized
27 choices and needs and how these choices and needs will be met.

28 (B) The type and amount of services and staffing needed to
29 meet the consumer's individualized choices and unique health and
30 safety and other needs.

31 (d) The department may adopt emergency regulations for
32 tailored day service or vouchered community-based training
33 service. The adoption, amendment, repeal, or readoption of a
34 regulation authorized by this subdivision is deemed to be necessary
35 for the immediate preservation of the public peace, health and
36 safety, or general welfare, for purposes of Sections 11346.1 and
37 11349.6 of the Government Code, and the department is hereby
38 exempted from the requirement that it describe specific facts
39 showing the need for immediate action. A certificate of compliance
40 for these implementing regulations shall be filed within 24 months

1 following the adoption of the first emergency regulations filed
2 pursuant to this subdivision.

3 ~~SEC. 6.~~

4 *SEC. 7.* Section 4689.8 of the Welfare and Institutions Code
5 is amended to read:

6 4689.8. (a) Notwithstanding any other law, commencing July
7 1, 2008:

8 (1) A regional center shall not pay an existing supported living
9 service provider, for services for which rates are determined
10 through a negotiation between the regional center and the provider,
11 a rate higher than the rate in effect on June 30, 2008, unless the
12 increase is required by a contract between the regional center and
13 the vendor that is in effect on June 30, 2008, or the regional center
14 demonstrates that the approval is necessary to protect the
15 consumer's health or safety and the department has granted prior
16 written authorization.

17 (2) A regional center shall not negotiate a rate with a new
18 supported living service provider, for services for which rates are
19 determined through a negotiation between the regional center and
20 the provider, that is higher than the regional center's median rate
21 for the same service code and unit of service, or the statewide
22 median rate for the same service code and unit of service,
23 whichever is lower. The unit of service designation shall conform
24 with an existing regional center designation or, if none exists, a
25 designation used to calculate the statewide median rate for the
26 same service. The regional center shall annually certify to the State
27 Department of Developmental Services its median rate for each
28 negotiated rate service code, by designated unit of service. This
29 certification shall be subject to verification through the
30 department's biennial fiscal audit of the regional center.

31 (b) Notwithstanding subdivision (a), and subject to an
32 appropriation of funds by the Legislature for these purposes,
33 regional centers shall increase the rates paid to supported living
34 service providers, for services for which rates are determined
35 through a negotiation between the regional center and the provider,
36 by 10 percent above the levels that otherwise would have been in
37 effect on the effective date of the act that added this subdivision.

38 ~~SEC. 7.~~

39 *SEC. 8.* Section 4690.7 is added to the Welfare and Institutions
40 Code, to read:

1 4690.7. (a) Notwithstanding any other law, and subject to an
2 appropriation of funds by the Legislature for these purposes, the
3 department shall increase the rates set for nonresidential service
4 providers by 10 percent above the levels that otherwise would have
5 been in effect on the effective date of the act that added this section.

6 ~~SEC. 8.~~

7 *SEC. 9.* Section 4691.9 of the Welfare and Institutions Code
8 is amended to read:

9 4691.9. (a) Notwithstanding any other law, commencing July
10 1, 2008:

11 (1) A regional center shall not pay an existing service provider,
12 for services where rates are determined through a negotiation
13 between the regional center and the provider, a rate higher than
14 the rate in effect on June 30, 2008, unless the increase is required
15 by a contract between the regional center and the vendor that is in
16 effect on June 30, 2008, or the regional center demonstrates that
17 the approval is necessary to protect the consumer's health or safety
18 and the department has granted prior written authorization.

19 (2) A regional center shall not negotiate a rate with a new service
20 provider, for services where rates are determined through a
21 negotiation between the regional center and the provider, that is
22 higher than the regional center's median rate for the same service
23 code and unit of service, or the statewide median rate for the same
24 service code and unit of service, whichever is lower. The unit of
25 service designation shall conform with an existing regional center
26 designation or, if none exists, a designation used to calculate the
27 statewide median rate for the same service. The regional center
28 shall annually certify to the State Department of Developmental
29 Services its median rate for each negotiated rate service code, by
30 designated unit of service. This certification shall be subject to
31 verification through the department's biennial fiscal audit of the
32 regional center.

33 (b) Notwithstanding subdivision (a), commencing July 1, 2014,
34 regional centers may negotiate a rate adjustment with providers
35 regarding rates if the adjustment is necessary in order to pay
36 employees no less than the minimum wage as established by
37 Section 1182.12 of the Labor Code, as amended by Chapter 351
38 of the Statutes of 2013, and only for the purpose of adjusting
39 payroll costs associated with the minimum wage increase. The
40 rate adjustment shall be specific to the unit of service designation

1 that is affected by the increased minimum wage, shall be specific
2 to payroll costs associated with any increase necessary to adjust
3 employee pay only to the extent necessary to bring pay into
4 compliance with the increased state minimum wage, and shall not
5 be used as a general wage enhancement for employees paid above
6 the increased minimum wage. Regional centers shall maintain
7 documentation on the process to determine, and the rationale for
8 granting, any rate adjustment associated with the minimum wage
9 increase.

10 (c) Notwithstanding any other law or regulation, commencing
11 January 1, 2015, rates for personal assistance and supported living
12 services in effect on December 31, 2014, shall be increased by
13 5.82 percent, subject to funds specifically appropriated for this
14 increase for costs due to changes in federal regulations
15 implementing the federal Fair Labor Standards Act of 1938 (29
16 U.S.C. Sec. 201 et seq.). The increase shall be applied as a
17 percentage, and the percentage shall be the same for all applicable
18 providers. As used in this subdivision, both of the following
19 definitions shall apply:

20 (1) “Personal assistance” is limited only to those services
21 provided by vendors classified by the regional center as personal
22 assistance providers, pursuant to the miscellaneous services
23 provisions contained in Title 17 of the California Code of
24 Regulations.

25 (2) “Supported living services” are limited only to those services
26 defined as supported living services in Title 17 of the California
27 Code of Regulations.

28 (d) Notwithstanding subdivision (a), commencing July 1, 2015,
29 regional centers may negotiate a rate adjustment with existing
30 service providers for services for which rates are determined
31 through negotiation between the regional center and the provider,
32 if the adjustment is necessary to implement Article 1.5
33 (commencing with Section 245) of Chapter 1 of Part 1 of Division
34 2 of the Labor Code, as added by Chapter 317 of the Statutes of
35 2014. The rate adjustment may be applied only if a minimum of
36 24 hours or three days of paid sick leave per year was not a benefit
37 provided to employees as of June 30, 2015, and shall be specific
38 to payroll costs associated with any increase necessary to
39 compensate an employee up to a maximum of 24 hours or three
40 days of paid sick leave in each year of employment.

(e) Notwithstanding subdivision (a), and subject to an appropriation of funds by the Legislature for these purposes, regional centers shall increase the rates paid to service providers, for services for which rates are determined through a negotiation between the regional center and the provider, by 10 percent above the levels that otherwise would have been in effect on the effective date of the act that added this subdivision.

(f) This section shall not apply to those services for which rates are determined by the State Department of Health Care Services, or the State Department of Developmental Services, or are usual and customary.

~~SEC. 9.~~

SEC. 10. Section 4795 is added to the Welfare and Institutions Code, to read:

4795. (a) The department shall, subject to an appropriation of funds by the Legislature for these purposes, increase the funding provided to a regional center for the regional center's operating budget by 10 percent above the levels that otherwise would have been in effect on the effective date of the act that added this section.

(b) The department shall, subject to an appropriation of funds by the Legislature for these purposes, increase the funding provided to a regional center to enable the regional center and regional center's purchase-of-service vendors to fund all of the following costs associated with minimum wage requirements:

(1) The costs to comply with a statewide minimum wage requirement.

(2) The costs to comply with minimum wage requirements enacted by local governments that exceed the statewide minimum wage.

(3) The costs to increase compensation for exempt, salaried employees to comply with wage orders issued by the Industrial Welfare Commission or any other state regulatory agency.

(4) Any other wage adjustments that vendors are required to make in response to minimum wage increases mandated by state or federal statutes, regulations, or other authorities.

~~SEC. 10.~~

SEC. 11. Section 4796 is added to the Welfare and Institutions Code, to read:

4796. The department shall develop a 10-year financial sustainability plan to ensure that the state's community-based

1 developmental services system effectively serves all individuals
2 with developmental disabilities.

3 ~~SEC. 11.~~

4 *SEC. 12.* Section 4860 of the Welfare and Institutions Code is
5 amended to read:

6 4860. (a) (1) (A) The hourly rate for supported employment
7 services provided to consumers receiving individualized services
8 shall be thirty dollars and eighty-two cents (\$30.82).

9 (B) Notwithstanding subparagraph (A), and subject to an
10 appropriation of funds by the Legislature for these purposes, the
11 rate described in subparagraph (A) shall be thirty-three dollars and
12 ninety cents (\$33.90).

13 (2) Job coach hours spent in travel to consumer worksites may
14 be reimbursable for individualized services only when the job
15 coach travels from the vendor's headquarters to the consumer's
16 worksite or from one consumer's worksite to another, and only
17 when the travel is one way.

18 (b) (1) The hourly rate for group services shall be thirty dollars
19 and eighty-two cents (\$30.82), regardless of the number of
20 consumers served in the group. Consumers in a group shall be
21 scheduled to start and end work at the same time, unless an
22 exception that takes into consideration the consumer's compensated
23 work schedule is approved in advance by the regional center. The
24 department, in consultation with stakeholders, shall adopt
25 regulations to define the appropriate grounds for granting these
26 exceptions. When the number of consumers in a supported
27 employment placement group drops to fewer than the minimum
28 required in subdivision (r) of Section 4851, the regional center
29 may terminate funding for the group services in that group, unless,
30 within 90 days, the program provider adds one or more regional
31 centers, or Department of Rehabilitation-funded supported
32 employment consumers to the group.

33 (2) Notwithstanding paragraph (1), and subject to an
34 appropriation of funds by the Legislature for these purposes, the
35 rate described in paragraph (1) shall be thirty-three dollars and
36 ninety cents (\$33.90).

37 (c) Job coaching hours for group services shall be allocated on
38 a prorated basis between a regional center and the Department of
39 Rehabilitation when regional center and Department of
40 Rehabilitation consumers are served in the same group.

(d) When Section 4855 applies, fees shall be authorized for the following:

(1) (A) A three-hundred-sixty-dollar (\$360) fee shall be paid to the program provider upon intake of a consumer into a supported employment program. No fee shall be paid if that consumer completed a supported employment intake process with that same supported employment program within the previous 12 months.

(B) Notwithstanding subparagraph (A), and subject to an appropriation of funds by the Legislature for these purposes, the fee described in subparagraph (A) shall be three hundred ~~ninety-six~~ *ninety six* dollars (\$396).

(2) (A) A seven-hundred-twenty-dollar (\$720) fee shall be paid upon placement of a consumer in an integrated job, except that no fee shall be paid if that consumer is placed with another consumer or consumers assigned to the same job coach during the same hours of employment.

(B) Notwithstanding subparagraph (A), and subject to an appropriation of funds by the Legislature for these purposes, the fee described in subparagraph (A) shall be seven hundred ~~ninety-two~~ *ninety two* dollars (\$792).

(3) (A) A seven-hundred-twenty-dollar (\$720) fee shall be paid after a 90-day retention of a consumer in a job, except that no fee shall be paid if that consumer has been placed with another consumer or consumers, assigned to the same job coach during the same hours of employment.

(B) Notwithstanding subparagraph (A), and subject to an appropriation of funds by the Legislature for these purposes, the fee described in subparagraph (A) shall be seven hundred ~~ninety-two~~ *ninety two* dollars (\$792).

(e) Notwithstanding paragraph (4) of subdivision (a) of Section 4648, the regional center shall pay the supported employment program rates established by this section.

~~SEC. 12.~~

SEC. 13. The rate increases for developmental services required by this act shall supplement, and not supplant, increases to those rates made by the Budget Act of 2015 and Chapter 23 of the Statutes of 2015.

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